

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 L-03 CIAE-00 INR-07  
NSAE-00 TRSE-00 /030 W  
-----150835Z 054239 /13  
R 141627Z JAN 77  
FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC 9709  
INFO AMEMBASSY LONDON  
AMEMBASSY PARIS

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DEPT PASS TO COMMERCE;

PARIS FOR INFO OF COMMERCIAL COUNSELOR BLODGETT

E.O. 11652: NA  
TAGS: EIND NL  
SUBJECT: UNHAPPY POSTSCRIPT TO SALE OF FORMER SINGER COMPANY

REF: 75 THE HAGUE 1512

1. BANKRUPTCY AND ALLEGED EMBEZZLEMENT PROVIDE AN UNHAPPY POSTSCRIPT TO THE SALE TWO YEARS AGO BY SINGER OF ITS FINANCIALLY TROUBLED SUBSIDIARY IN NIJMEGEN IN THE NETHERLANDS. THE DUTCH GOVERNMENT, WHICH INITIALLY UNDERWROTE TEALTRONIC, THE BRITISH BUYER OF THE COMPANY, IN ORDER TO SAVE 400 JOBS IN AN AREA TROUBLED WITH HIGH UNEMPLOYMENT, NOW HAS DECIDED TO LIQUIDATE THE FORM AND TRANSFER ANY VIABLE ACTIVITIES TO A NEW, STATE-OWNED COMPANY, PRESERVING JOBS FOR ONE THIRD OF THE WORK FORCE.

2. SINGER HAS ORIGINALLY DECIDED TO CLOSE DOWN THE PLANT IN 1974 BECAUSE THE SMALL BUSINESS MACHINES THAT IT MANUFACTURED WERE NO LONGER COMPETITIVE. MOTIVATED AS MUCH  
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BY POLITICAL AS BY ECONOMIC CONSIDERATIONS, THE GOVERNMENT ENLISTED SINGER'S AND THE EMBASSY'S HELP IN SUCCESSFULLY LOCATING A BUYER FOR THE COMPANY. SALES BY THE SUCCESSOR FIRM DID NOT GO WELL AND PROSPECTS WERE NOT PROMISING. THE GOVERNMENT, WHICH INITIALLY HAD A 40 PERCENT STATE IN THE COMPANY, BECAME THE MAJORITY SHARE HOLDER IN THE THIRD QUARTER OF 1976, BUYING OUT THE SHARES OF THE

MANAGING DIRECTOR, A BRITISH CITIZEN NAMED RODGERS. IT IS NOW ALLEGED THAT RODGERS, WHO IS BELIEVED TO BE ABROAD, MAY HAVE EMBEZZLED AS MUCH AS 1.5 MILLION GUILDERS -- \$1.00 EQUALS 2.48 GUILDERS -- FROM THE COMPANY. WHEN ECONOMICS MINISTER LUBBERS FIRST INDICATED LAST WEEK THAT THE GOVERNMENT WOULD NOT POUR ANY MORE MONEY INTO TEALTRONIC, THE COMPANY'S WORK FORCE OCCUPIED THE PLANT. PRIME MINISTER DEN UYL REACTED JANUARY 7 BY PROMISING THAT THE GOVERNMENT WOULD STUDY WHETHER IT COULD DO ANYTHING. SUBSEQUENT NEGOTIATIONS WITH THE UNION LED TO THE DECISION BY LUBBERS JANUARY 12 TO SAVE THOSE ELEMENTS OF THE COMPANY THAT MAY BE ABLE TO TURN A PROFIT, PLACING THEM UNDER STATE OWNERSHIP.

3. COMMENT: THE TEALTRONIC AFFAIRS IS A REMINDER THAT UNEMPLOYMENT IS STILL A HIGHLY SENSITIVE POLITICAL ISSUE IN THE NETHERLANDS, WITH 5.2 PERCENT ON THE RELIEF ROLLS AND GENERAL ELECTIONS SCHEDULED FOR MAY. THE BANKRUPTCY IS NOT ONLY A SORRY END TO AN ARRANGEMENT FOR WHICH THE GOVERNMENT, SINGER AND THE EMBASSY RECEIVED PUBLIC CREDIT IN 1975, IT IS A POTENTIALLY EMBARRASSING EPISODE FOR THE GOVERNMENT IF MANAGEMENT MALFEASANCE IS PROVED, SINCE THE GOVERNMENT HAD ITS OWN MEMBERS ON THE BOARD. WE CAN BE GRATEFUL THAT SO FAR IN THE PRE-ELECTION PERIOD WE HAVE NOT BEEN ASSOCIATED BY THE PRESS WITH THIS CASE OR INVOLVED IN SIMILAR ONES. IF WASHINGTON LEARNS OF ANY FIRMS PLANNING MAJOR ADJUSTMENTS IN THEIR ACTIVITIES IN THE NETHERLANDS, WE WOULD APPRECIATE BEING WARNED.  
MCCLOSKEY

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESS FIRMS, BANKRUPTCIES, CLOSURE OF OFFICES  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009